Financial Report
with Supplemental Information
June 30, 2007

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#### Independent Auditor's Report

To the Board of Education Allendale Public Schools

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Allendale Public Schools (the "School District") as of and for the year ended June 30, 2007, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Allendale Public Schools' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Allendale Public Schools as of June 30, 2007, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison schedules, as identified in the table of contents, are not required parts of the basic financial statements but are supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



# To the Board of Education Allendale Public Schools

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Allendale Public Schools' basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional information and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report under separate cover dated October 17, 2007 on our consideration of the School District's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide opinions on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Plante & Moran, PLLC

October 17, 2007

#### **Management's Discussion and Analysis**

This section of Allendale Public Schools' (the "School District") annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2007. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

#### **Using this Annual Report**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Allendale Public Schools financially as a whole. The district-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the district-wide financial statements by providing information about the School District's most significant fund - the General Fund, with all other funds presented in one column as nonmajor funds. The remaining statement, the statement of fiduciary assets and liabilities, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents.

Management's Discussion and Analysis (MD&A) (Required Supplemental Information)

#### **Basic Financial Statements**

District-wide Financial Statements Fund Financial Statements

Notes to the Basic Financial Statements

(Required Supplemental Information)
Budgetary Information for Major Funds

Other Supplemental Information

#### Reporting the School District as a Whole - District-wide Financial Statements

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The statement of net assets (deficit) and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

#### **Management's Discussion and Analysis (Continued)**

These two statements report the School District's net assets - the difference between assets and liabilities, as reported in the statement of net assets (deficit) - as one way to measure the School District's financial health or financial position. Over time, increases or decreases in the School District's net assets - as reported in the statement of activities - are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District.

The statement of net assets (deficit) and the statement of activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, community services, athletics, and food services. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities.

#### Reporting the School District's Most Significant Funds - Fund Financial Statements

The School District's fund financial statements provide detailed information about the most significant funds - not the School District as a whole. Some funds are required to be established by state law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (the Food Services and Athletics Funds are examples) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects). The governmental funds of the School District use the following accounting approach:

**Governmental Funds** - All of the School District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net assets (deficit) and the statement of activities) and governmental funds in a reconciliation.

#### **Management's Discussion and Analysis (Continued)**

#### The School District as Trustee - Reporting the School District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for its student activity funds. All of the School District's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

#### The School District as a Whole

Recall that the statement of net assets (deficit) provides the perspective of the School District as a whole. Table I provides a summary of the School District's net assets as of June 30, 2007 and 2006:

	Governmental Activities			tivities
	2007			2006
		(in millions)		
Assets				
Current and other assets	\$	6.4	\$	5.6
Capital assets		42.1		43.6
Total assets		48.5		49.2
Liabilities				
Current liabilities		6.6		6.3
Long-term liabilities		53.3		53.4
Total liabilities		59.9		59.7
Net Assets (Deficit)				
Invested in property and equipment - Net of related debt		(13.2)		(11.9)
Restricted		0.2		0.1
Unrestricted		1.6		1.3
Total deficit	\$	(11.4)	\$	(10.5)

#### **Management's Discussion and Analysis (Continued)**

The above analysis focuses on the net assets (see Table I). The change in net assets of the School District's governmental activities is discussed below (see Table 2). The School District's capital assets, net of related debt totaling (\$13.2 million), compares the original cost, less depreciation of the School District's capital assets to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. The School District's net assets (deficit) was (\$11.4 million) at June 30, 2007. It is important to note that if the School District did not participate in the School Revolving Fund (SRF), the School District would have a positive net asset amount (see Note 7). SRF participation allows districts with low taxable values to lessen the immediate property tax burden to local residents for needed school facilities by levying a minimum of 7 mills and borrowing the remaining funds required for debt service from the SRF. Repayment of amounts borrowed, together with accrued interest, will occur at a future time when taxable values are high enough to allow the School District to meet all debt service requirements by levying below 7 mills. The School District would continue to levy at least 7 mills, however, until the SRF is repaid. This will occur at some future date. Restricted net assets are reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use those net assets for day-to-day operations. The remaining amount of net assets, \$1.6 million, was unrestricted.

The \$1.6 million in unrestricted net assets of governmental activities represents the accumulated results of all past years' operations. The unrestricted net assets balance enables the School District to meet working capital and cash flow requirements as well as to provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The results of this year's operations for the School District as a whole are reported in the statement of activities, which shows the changes in net assets for fiscal years ended June 30, 2007 and 2006 (see Table 2):

TABLE 2

	Governmental Activities		
		2007	
		(in millio	ons)
Revenue			
Program revenue:			
Charges for services	\$	0.5 \$	0.5
Operating grants		2.4	2.0
General revenue:			
Property taxes		4.5	3.9
State foundation allowance		13.5	13.1
Other		0.2	0.2
Total revenue		21.1	19.7

#### **Management's Discussion and Analysis (Continued)**

TABLE 2 (Continued)

	Governmental Activities				
	2	.007	2006		
	(in milli			lions)	
Functions/Program Expenses					
Instruction	\$	10.4	\$	10.2	
Support services		6.2		6.0	
Food services		0.6		0.5	
Athletics		0.3		0.3	
Community services		0.1		0.1	
Interest on long-term debt		2.6		2.2	
Bond issuance costs		0.2		0.6	
Depreciation (unallocated)		1.7		0.8	
Total functions/program expenses		22.1		20.7	
Decrease in Net Assets	<u>\$</u>	(1.0)	\$	(1.0)	

As reported in the statement of activities, the cost of all of our governmental activities this year was \$22.1 million. Certain activities were partially funded from those who benefited from the programs (\$.5 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$2.4 million). We paid for the remaining "public benefit" portion of our governmental activities with \$4.5 million in taxes, \$13.5 million in state foundation allowance, and with our other revenues, i.e., interest and general entitlements.

The School District experienced a decrease in net assets of \$1.0 million. The key reason for the change in net assets was unallocated depreciation of \$1.7 million. It is also important to note when discussing this deficiency that bond proceeds are not listed as a financing source. The School District's participation in the SRF, for reasons discussed earlier, resulted in its borrowing of an additional \$.5 million (exclusive of accrued and capitalized interest) to assist in the payment of bonded debt. This borrowing was in lieu of a duty to otherwise levy a higher property tax on the property of School District residents to meet payments required on bonded debt. As discussed above, the net cost shows the financial burden that was placed on the State and the School District's taxpayers by each of these functions. Since property taxes for operations and unrestricted state aid constitute the vast majority of School District operating revenue sources, the Board of Education and administration must annually evaluate the needs of the School District and balance those needs with state-prescribed available unrestricted resources.

#### **Management's Discussion and Analysis (Continued)**

#### **The School District's Funds**

As we noted earlier, the School District uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the School District is being accountable for the resources taxpayers and others provide to it and may provide more insight into the School District's overall financial health.

As the School District completed this year, the governmental funds reported a combined fund balance of approximately \$962,000, which is an increase of approximately \$383,000 from last year. The primary reasons for the increase are as follows:

#### **General Fund**

In the General Fund, our principal operating fund, the fund balance increased by approximately \$376,000 to approximately \$738,000. The change is due mainly to reductions in operating expenditures achieved through lowering of expenditure levels in many areas in anticipation of an imminent state aid proration. General Fund fund balance is available to fund costs related to allowable school operating purposes.

#### **Special Revenue Funds**

Our Special Revenue Funds showed a decrease in fund balance of approximately \$17,000. The change is due primarily to increased food costs in the food service area.

#### **Debt Service Funds**

Combined, the Debt Service Funds fund balances increased to approximately \$160,000, a positive change of approximately \$33,000 from the prior year. The increase was due primarily to the late collection of delinquent 2006 real property tax paid from the county's delinquent revolving tax fund and the maintenance of reasonable minimum balances in each issue's investment account. Millage rates remained steady. Millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service. Durant debt obligations are funded by annual state appropriation, and no fund balance exists at year end. Debt Service Funds fund balances are reserved since they can only be used to pay debt service obligations.

#### **Management's Discussion and Analysis (Continued)**

#### **Capital Projects Funds**

Capital Projects Funds fund balances decreased by approximately \$9,000 to zero as the School District wrapped up final touches to the capital construction projects approved by voters in September 2002.

#### **General Fund Budgetary Highlights**

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was actually adopted June 5, 2007. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements.

There were no significant variances between the final budget and actual amounts.

#### **Capital Assets and Debt Administration**

#### Capital Assets

As of June 30, 2007, the School District had \$42,123,700 (net of accumulated depreciation of \$9,806,546) invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment.

	2007			2006
Land	\$	1,125,006	\$	1,112,506
Land improvements		3,894,336		3,894,336
Buildings and building improvements		43,078,077		42,982,381
Buses and other vehicles		1,688,600		1,657,660
Furniture and equipment	_	2,144,227		2,145,526
Total capital assets	\$	51,930,246	\$	51,792,409

We present more detailed information about our capital assets in the notes to the financial statements.

#### **Management's Discussion and Analysis (Continued)**

#### Debt

At the end of this year, the School District had \$40,520,718 in bonds outstanding versus \$41,474,204 in the previous year. Those bonds consisted of the following:

	2007			2006
General obligation bonds	\$	40,330,000	\$	41,490,000
Less unamortized premium (discount)		363,740		-
Less unamortized bond issuance costs		(262,818)		(105,592)
Durant Non-Plaintiff Bond		89,796		89,796
Total bonds payable	<u>\$</u>	40,520,718	\$	41,474,204

The School District's general obligation bond rating continues to be the same as that of the State of Michigan because the School District issues "qualified debt," i.e., debt backed by the State of Michigan. Such obligations are not subject to the debt limit of 15 percent of the assessed value of all taxable property within the School District's boundaries. The School District's outstanding unqualified general obligation debt of \$425,943 for bus purchases is significantly below this statutorily imposed limit.

The school bond loan payable outstanding at the end of the year was \$14,105,469 and \$13,020,177 at June 30, 2007 and 2006, respectively.

We present more detailed information about our long-term liabilities in the notes to the financial statements.

#### **Economic Factors and Next Year's Budgets and Rates**

Our elected officials and administration consider many factors when setting the School District's annual fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2008 fiscal year is 25 percent and 75 percent of the February 2007 and September 2007 student counts, respectively. The initial budget was adopted in June 2007, based on an estimate of students that will be enrolled in September 2007. Approximately 82 percent of total General Fund revenue is from the foundation allowance. Under state law, the School District cannot assess additional property tax revenue for general operations. As a result, School District funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2007-2008 school year, we anticipate that the fall student count will be somewhat above the estimates used in creating the 2007-2008 budget. Once the final student count and related per pupil funding is validated, state law requires the School District to amend the budget if actual School District resources are not sufficient to fund original appropriations.

#### **Management's Discussion and Analysis (Continued)**

Since the School District's revenue is heavily dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to school districts. The State periodically holds a revenue-estimating conference to estimate revenues. Based on the results of the most recent conference held in May 2007, the State estimates funds are sufficient to fund the appropriation. Continuing pressures on the State's economy make uncertain the findings of the next revenue-estimating conference scheduled for January 2008. If revenue estimates needed to fund appropriations for school districts for the 2007-2008 school year are revised downward to a level that is insufficient to meet present appropriations, a proration of state aid will occur. The impact on the School District if such a proration should occur is unknown at this time.

At June 30, 2007, the School District had no unsettled contract or pending negotiations with any of its unionized employee groups.

# Statement of Net Assets (Deficit) June 30, 2007

	Governmental Activities	
Assets		
Cash and investments (Note 3)	\$ 2,093,917	
Receivables - Net (Note 4)	2,761,246	
Inventories	12,505	
Prepaid costs	1,537,875	
Capital assets - Net (Note 5)	42,123,700	
Total assets	48,529,243	
Liabilities		
Accounts payable	89,431	
Accrued payroll and other liabilities	2,867,374	
State aid anticipation note (Note 10)	1,950,000	
Long-term liabilities (Note 7):		
Due within one year	1,720,725	
Due in more than one year	53,331,405	
Total liabilities	59,958,935	
Net Assets (Deficit)		
Investment in capital assets - Net of related debt	(13,187,069)	
Restricted - Debt service	159,728	
Unrestricted	1,597,649	
Total deficit	<u>\$ (11,429,692)</u>	

### Statement of Activities Year Ended June 30, 2007

Functions/Programs	Expenses	Progran  Charges for  Services		
Primary government - Governmental activities:     Instruction     Support services     Food services     Athletics     Community services     Interest on long-term debt     Intergovernmental transfers     Bond issuance costs     Depreciation (unallocated)  Total primary government -     Governmental activities	\$ 10,405,715 6,244,465 572,409 271,146 91,233 2,600,086 12,273 114,957 1,727,189 \$ 22,039,473 General revenue	\$ - 305,338 53,926 171,285 - - - - - - - - - - - - - - -	\$ 2,163,402 - 226,044 	\$ (8,242,313) (6,244,465) (41,027) (217,220) 80,052 (2,600,086) (12,273) (114,957) (1,727,189) (19,119,478)
	Property ta: State aid not r Interest and in Other	xes, levied for ger xes, levied for del estricted to speci vestment earning	ot services fic purposes s	1,858,861 2,626,940 13,500,200 133,337 25,665
	Change in Net	Assets (Deficit)		(974,475) (10,455,217)
	•	eficit) - Beginning	•	\$ (11,429,692)

### Governmental Funds Balance Sheet June 30, 2007

Assets  Cash and investments (Note 3)	<u> </u>	eneral Fund		Other Nonmajor Governmental Funds  \$ 269,404		Total overnmental Funds 2,093,917
Receivables - Net (Note 4)		2,711,274 150,316		49,972 94,509		2,761,246
Due from other funds (Note 6) Inventories		130,316		12,505		244,825 12,505
Prepaid costs	_	190,935				190,935
Total assets	\$	4,877,038	\$	426,390	\$	5,303,428
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$	91,699	\$	-	\$	91,699
Accrued payroll		1,272,298		4,478		1,276,776
Accrued benefits		281,173		_		281,173
Accrued liabilities		426,607		-		426,607
State aid anticipation note		1,950,000		-		1,950,000
Due to other funds (Note 6)		94,509		148,048		242,557
Deferred revenue (Note 4)		22,903		49,972		72,875
Total liabilities		4,139,189		202,498		4,341,687
Fund Balances						
Reserved:						
Encumbrances		123,188		_		123,188
Inventories		-		12,505		12,505
Prepaids		190,935		-		190,935
Capital projects		-		-		-
Debt service		-		159,728		159,728
Unreserved - Undesignated, reported in:						
General Fund		423,726		-		423,726
Special Revenue Funds				51,659	-	51,659
Total fund balances		737,849		223,892		961,741
Total liabilities and fund balances	<u>\$</u>	4,877,038	<u>\$</u>	426,390	\$	5,303,428

#### Governmental Funds Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets (Deficit) June 30, 2007

Fund Balance - Total Governmental Funds		\$ 961,741
Amounts reported for governmental activities in the statement of net assets (deficit) are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds:  Cost of capital assets  Accumulated depreciation	\$51,930,246 _(9,806,546)	42,123,700
Other long-term assets not available to pay current period expenditures therefore deferred in the governmental funds		72,875
Prepaid bond issuance costs that are amortized over the life of the bonds and deferred in the governmental funds		262,818
Long-term liabilities are not due and payable in the current period and are not reported in the governmental funds - Bonds payable included premium/discount		(55,314,948)
Other assets not capitalized in the governmental funds (deferred charges, net of amortization)		1,346,940
Accrued interest payable is not included as a liability in governmental funds		(882,818)
Net Assets - Governmental Activities		<u>\$ (11,429,692)</u>

#### Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2007

			Other Nonmajor		Total	
			Governmental		Governmental	
	G	eneral Fund		Funds		Funds
Revenue						
Local sources	\$	1,942,942	\$	3,109,290	\$	5,052,232
State sources		13,880,398		-		13,880,398
Federal sources		592,987		226,044		819,031
Interdistrict sources		1,190,217		-		1,190,217
Total revenue		17,606,544		3,335,334		20,941,878
Expenditures						
Current:						
Instruction		10,405,715		-		10,405,715
Support services		6,335,698		843,555		7,179,253
Debt service:						
Principal		140,745		1,505,000		1,645,745
Interest		22,409		2,237,774		2,260,183
Other		-		1,925		1,925
Capital outlay		129,900		9,236		139,136
Intergovernmental transfers		12,273				12,273
Total expenditures		17,046,740		4,597,490		21,644,230
Excess (Deficiency) of Revenue Over Expenditures		559,804		(1,262,156)		(702,352)
Other Financing Sources (Uses)						
Payments to refunded bond escrow agent		-		(17,141,813)		(17,141,813)
Transfers in (Note 6)		-		183,509		183,509
Transfers out (Note 6)		(183,509)		-		(183,509)
Long-term debt issued			-	18,227,105		18,227,105
Total other financing sources (uses)		(183,509)		1,268,801		1,085,292
Net Change in Fund Balances		376,295		6,645		382,940
Fund Balances - Beginning of year		361,554		217,247		578,801
Fund Balances - End of year	\$	737,849	\$	223,892	\$	961,741

#### **Governmental Funds**

# Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2007

Net Change in Fund Balances - Total Governmental Funds		\$ 382,940
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:  Depreciation expense Capitalized capital outlay - Net of disposals and adjustments	\$ (1,727,189) 139,136	(1,588,053)
Revenue is reported in the statement of activities at the time it is earned, without regard to timeliness of collection	,	170,707
Bond proceeds are not reported as financing sources on the statement of activities		(18,227,105)
Amortization of bond escrow deposit		(7,440)
Deferred charges reported as expenditures in the governmental funds are capitalized in the statement of activities - Net of amortization		1,346,940
Accrued interest is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid		(339,903)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)		 17,287,439
Change in Net Assets of Governmental Activities		\$ (974,475)

### Fiduciary Fund Statement of Fiduciary Assets and Liabilities June 30, 2007

	Student Activities Agency Fund
Assets - Cash and investments	<u>\$ 185,557</u>
Liabilities  Due to student groups  Due to General Fund	\$ 183,289 2,268
Total liabilities	\$ 185,557

#### **Note I - Summary of Significant Accounting Policies**

The accounting policies of Allendale Public Schools (the "School District") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the School District:

#### Reporting Entity

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate, component units of the School District. Based on the application of the criteria, the School District does not contain any component units.

#### **District-wide and Fund Financial Statements**

The district-wide financial statements (i.e., the statement of net assets (deficit) and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the School District's district-wide activities are considered governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (I) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

#### Note I - Summary of Significant Accounting Policies (Continued)

# Measurement Focus, Basis of Accounting, and Financial Statement Presentation

**District-wide Financial Statements** - The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants, categorical aid, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the district-wide financial statements.

Amounts reported as program revenue include (I) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes and unrestricted state aid.

Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, unrestricted state aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the School District.

Fiduciary fund statements are also reported using the economic resources measurement focus and the accrual basis of accounting.

#### Notes to Financial Statements June 30, 2007

#### Note I - Summary of Significant Accounting Policies (Continued)

The School District reports the following major governmental fund:

**General Fund** - The General Fund is the School District's primary operating fund. It accounts for all financial resources of the School District, except those required to be accounted for in another fund.

Additionally, the School District reports the following fund types:

**Debt Service Funds** - The Debt Service Funds are used to record tax, interest, other revenue for payment of interest, principal, and other expenditures on the bond issues.

**Special Revenue Funds** - The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditure for specified purposes. The School District's Special Revenue Funds include the Food Services and Athletics Funds. Any operating deficit generated by these activities is the responsibility of the General Fund.

#### Assets, Liabilities, and Net Assets or Equity

**Cash and Investments** - Cash and investments include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

**Receivables and Payables** - In general, outstanding balances between funds are reported as "due to/from other funds." Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds."

#### Note I - Summary of Significant Accounting Policies (Continued)

All trade and property tax and other trade receivables are shown net of an allowance for uncollectible amounts. The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded. Property taxes are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are billed on July 1 and a special one-time levy for mills related to the 2002 bond issue took place in December. Taxes are considered delinquent on March 1 of the following year. At this time, penalties and interest are assessed and the total obligation is added to the county tax rolls.

**Inventories and Prepaid Costs** - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid costs in both district-wide and fund financial statements.

**Restricted Assets** - The unspent bond proceeds and related interest of the Capital Projects Funds require amounts to be set aside for construction. These amounts have been classified as restricted assets.

**Capital Assets** - Capital assets, which include land, buildings, equipment, and vehicles, are reported in the governmental column in the district-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The School District does not have infrastructure-type assets.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and building additions	20-50 years
Buses and other vehicles	7-10 years
Furniture and other equipment	5-20 years

#### Note I - Summary of Significant Accounting Policies (Continued)

**Long-term Obligations** - In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets (deficit). Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and are amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period.

The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**Fund Equity** - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Comparative Data/Reclassifications** - Comparative data is not included in the School District's financial statements.

#### Note 2 - Stewardship, Compliance, and Accountability

**Budgetary Information** - Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the General Fund and all Special Revenue Funds. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund, function, and object. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function (object) level. State law requires the School District to have its budget in place by July I. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. There were no significant amendments during the year.

# Notes to Financial Statements June 30, 2007

#### Note 2 - Stewardship, Compliance, and Accountability (Continued)

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be reappropriated and honored during the subsequent year.

**Excess of Expenditures Over Appropriations in Budgeted Funds** - The School District did not have significant expenditure budget variances.

**Capital Projects Fund Compliance** - The Capital Projects Fund includes capital project activities funded with bonds issued after May I, 1994. For this capital project, the School District has complied with the applicable provisions of §1351a of the State of Michigan's School Code.

#### **Note 3 - Deposits and Investments**

State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The School District is allowed to invest in U.S. Treasury or agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District's deposits are in accordance with statutory authority.

The School District has designated 12 financial institutions for the deposits of its funds, but may use another financial institution provided that notification is made to the Board of Education.

#### Note 3 - Deposits and Investments (Continued)

The School District's cash and investments are subject to several types of risk, which are examined in more detail below:

#### **Custodial Credit Risk of Bank Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District's investment policy requires that financial institutions be evaluated and only those with an acceptable risk level are used for the School District's deposits for custodial credit risk. At year end, the School District's deposit balance of \$2,119,319 had \$1,818,076 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The School District believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the School District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

#### **Custodial Credit Risk of Investments**

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's policy for custodial credit risk states that custodial credit risk will be minimized by diversifying the investment portfolio so that impact of potential losses from any one type of security or issuer will be minimized. The School District does not have investments with custodial credit risk.

#### **Interest Rate Risk**

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270-day maturity. The School District's policy minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools; and limiting the average maturity in accordance with the School District's cash requirements.

# Notes to Financial Statements June 30, 2007

#### Note 3 - Deposits and Investments (Continued)

#### **Credit Risk**

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District's investment policy does not further limit its investment choices.

At year end, the maturities of investments and the credit quality ratings of debt securities (other than the U.S. government) are as follows:

				Rating
Investment	Fair Value	Maturities	Rating	Organization
Bank investment pool Michigan Liquid Asset Fund	\$ 159,729 6	Various Various	AAAm AAAm	S&P S&P
Total investments	\$ 159,735			

#### **Concentration of Credit Risk**

The School District places no limit on the amount the School District may invest in any one issuer.

#### **Foreign Currency Risk**

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. State law and the School District's policy prohibit investment in foreign currency.

# Notes to Financial Statements June 30, 2007

#### **Note 4 - Receivables**

Receivables as of year end for the School District's individual major funds and the nonmajor funds in the aggregate are as follows:

	General	al Nonmajor and		
	 Fund	Other Funds		 Total
5				
Receivables:				
Taxes	\$ 97,770	\$	49,972	\$ 147,742
Accounts	206,940		-	206,940
Intergovernmental	 2,406,564			 2,406,564
Net receivables	\$ 2,711,274	\$	49,972	\$ 2,761,246

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the deferred revenue associated with unavailable delinquent property taxes was \$72,875.

#### **Note 5 - Capital Assets**

Capital asset activity of the School District's governmental activities was as follows:

	Balance		Disposals and	Balance
	July 1, 2006	Additions	Adjustments	June 30, 2007
Capital assets not being depreciated -				
Land	\$ 1,112,506	\$ 12,500	\$ -	\$ 1,125,006
Capital assets being depreciated:				
Land improvements	3,894,336	-	-	3,894,336
Building and building				
improvements	42,982,381	95,696	-	43,078,077
Buses and other vehicles	1,657,660	30,940	-	1,688,600
Furniture and equipment	2,145,526		(1,299)	2,144,227
Subtotal	50,679,903	126,636	(1,299)	50,805,240

# Notes to Financial Statements June 30, 2007

#### Note 5 - Capital Assets (Continued)

	Balance		Disposals and	Balance
	July 1, 2006	Additions	Adjustments	June 30, 2007
Accumulated depreciation:				
Land improvements	\$ 317,202	\$ 1,227,807	\$ -	\$ 1,545,009
Building and building				
improvements	5,663,073	425,534	-	6,088,607
Buses and other vehicles	1,005,978	73,848	-	1,079,826
Furniture and equipment	1,152,440		(59,336)	1,093,104
Subtotal	8,138,693	1,727,189	(59,336)	9,806,546
Net capital assets being depreciated	42,541,210	(1,600,553)	58,037	40,998,694
Net governmental capital assets	\$ 43,653,716	<u>\$ (1,588,053)</u>	\$ 58,037	\$ 42,123,700

Depreciation expense was not charged to activities as the School District considers its assets to impact multiple activities and allocation is not practical.

#### Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

		Fund Due From						
		Nonmajor						
	C	General	Go	vernmental	Fi	iduciary		
Fund Due To	Fund		Fund Funds			Fund		Total
General Fund Nonmajor governmental	\$	-	\$	148,048	\$	2,268	\$	150,316
funds		94,509						94,509
Total	\$	94,509	\$	148,048	\$	2,268	\$	244,825

Interfund balances from the General Fund represent Section 31D money owed to the Food Services Fund. Interfund balances to the General Fund represent retroactive pay amounts. Interfund balances to the Fiduciary Fund represent transportation fees to be reimbursed.

#### Note 6 - Interfund Receivables, Payables, and Transfers (Continued)

#### **Interfund Transfers**

		Transfers Out - General Fund	
Transfers in - Special Revenue Funds: Food Services Fund Athletics Fund	\$	20,509 163,000	
Total	<u>\$</u>	183,509	

Transfers subsidized operations in Special Revenue Funds.

#### Note 7 - Long-term Debt

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. Notes and installment purchase agreements are also general obligations of the School District.

Long-term obligation activity can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds	\$ 41,490,000	\$ 16,935,000	\$ 18,095,000	\$ 40,330,000	\$ 1,580,000
Deferred amounts:					
Premium	-	371,479	7,739	\$ 363,740	-
Bond issuance cost	(105,592)	(164,666)	(7,440)	(262,818)	-
Durant Non-Plaintiff Bond	89,796			89,796	
Total bonds payable	41,474,204	17,141,813	18,095,299	40,520,718	1,580,000
Installment purchase agreement	566,688	-	140,745	425,943	140,725
Notes - School bond loan	13,020,177	1,085,292		14,105,469	
Total governmental activities	\$ 55,061,069	\$ 18,227,105	\$ 18,236,044	\$ 55,052,130	\$ 1,720,725

#### **Note 7 - Long-term Debt (Continued)**

Annual debt service requirements to maturity for the above governmental bond and note obligations are as follows:

Years Ending		Gov	Governmental Activities				
June 30		Principal	Interest	Total			
2008		\$ 1,720,725	\$ 2,108,584	\$ 3,829,309			
2009		1,764,868	2,041,151	3,806,019			
2010		1,744,545	1,971,789	3,716,334			
2011		1,750,678	1,900,358	3,651,036			
2012		1,684,730	1,827,665	3,512,395			
2013-2017		9,240,193	6,428,136	15,668,329			
2018-2022		10,020,000	3,919,522	13,939,522			
2023-2027		7,385,000	2,014,589	9,399,589			
2028-2032		5,535,000	664,080	6,199,080			
	Total	\$40,845,739	\$22,875,874	\$63,721,613			
Governmental	Activities						
General obligati	on bonds consist of t	the following:					
\$13,075,000 200	02 School Building a	nd Site Bonds due	in annual				

\$13,075,000 2002 School Building and Site Bonds due in annual installments of \$675,000 to \$700,000 through May 1, 2013; interest at 3.000% to 5.125%	\$ 4,150,000
\$6,795,000 2001 Refunding Bonds due in annual installments of \$740,000 to \$770,000 through May 1, 2013; interest at 4.00% to 4.65%	4,575,000
\$200,000 1998 Refunding Bonds due in annual installments of \$50,000 through May 1, 2009; interest at 4.625%	100,000
\$7,340,000 2005 Refunding Bonds due in annual installments of \$30,000 to \$1,185,000 through May 1, 2027; interest at 3.00% to 4.30%	7,160,000
\$7,500,000 2006 Refunding Bonds due in annual installments of \$15,000 to \$1,120,000 through May I, 2032; interest at 3.50% to 4.35%	7,410,000

# Notes to Financial Statements June 30, 2007

#### Note 7 - Long-term Debt (Continued)

\$16,935,000 2007 Refunding Bonds due in annual installments of \$70,000 to \$1,915,000 through May 1, 2026; interest at 4.00% to 5.00%

\$ 16,935,000

Total bonded debt

\$ 40,330,000

**Durant Non-Plaintiff Bond** - Included in governmental activities general obligation bonds is the Durant Non-Plaintiff Bond. Annual total payments (principal and interest) associated with this bond are funded by the State of Michigan via specifically appropriated state aid and will not require any School District debt levy or utilization of any other School District financial resources. The Durant Non-Plaintiff Bond is comprised of the following issue per the May 10, 2007 revised payment schedule:

• \$152,078 School Improvement Bond Issue, Series 1998, due in annual installments of \$8,866 to \$51,719 through May 15, 2013; interest at 4.8 percent

Notes consist of the following:

				R	Remaining	to	Maturity
	Original		Interest				
Date	 Amount	Due Date	Rate	<u>lı</u>	nterest	F	Principal
11/21/02	\$ 113,087	11/20/07	5.4%	\$	1,221	\$	22,618
10/17/03	112,242	11/01/08	3.7%		2,499		44,898
10/22/04	121,451	10/22/09	3.5%		5,028		72,870
9/22/05	 356,946	9/22/10	3.8%		27,342		285,557
Total	\$ 703,726			\$	36,090	\$	425,943

Other governmental activities long-term obligations include the following:

School bond loan \$ 14,105,469

# Notes to Financial Statements June 30, 2007

#### **Note 7 - Long-term Debt (Continued)**

School Bond Loan - The school bond loan payable represents notes payable to the State of Michigan for loans made to the School District, as authorized by the 1963 State of Michigan Constitution, for the purpose of paying principal and interest on general obligation bonds of the School District issued for capital expenditures. Interest rates are to be determined by the State Administrative Board. Interest, ranging from 3.125 percent to 4.685 percent, has been assessed at three different times throughout the year ended June 30, 2007. Repayment is required when the millage rate necessary to cover the annual bonded debt service falls below 7 mills. The School District is required to levy 7 mills and repay to the State any excess of the amount levied over the bonded debt service requirements. Due to the variability of the factors that affect the timing of repayment, including the future amount of state-equalized value of property in the School District, no provision for repayment has been included in the above amortization schedule.

#### **Advance and Current Refundings**

During the year, the School District issued \$16,935,000 in general obligation bonds with an average interest rate of 4.33 percent. The proceeds of these bonds were used to advance refund \$16,590,000 of outstanding general obligation bonds with an average interest rate of 5.09 percent. The net proceeds of \$17,141,813 (after payment of \$164,666 in underwriting fees, insurance, and other issuance costs) was used to purchase U.S. government securities and were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the original bonds. As a result, the bonds are considered to be defeased and the liability for the bonds has been removed from the School District's long-term obligations. The advance refunding reduced total debt service payments by \$1,346,292, which represents an economic gain of \$1,024,706.

In prior years, the School District defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account's assets and liabilities for the defeased bonds are not included in the basic financial statements. At June 30, 2007, \$30,140,000 of bonds outstanding are considered defeased.

#### **Note 8 - Risk Management**

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The School District has purchased commercial insurance for teachers' medical benefits claims and participates in the SET-SEG risk pool for all other claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The shared-risk pool program in which the School District participates operates as a common risk-sharing management program for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

#### **Note 9 - Defined Benefit Pension Plan and Postemployment Benefits**

**Plan Description** - The School District participates in the Michigan Public School Employees' Retirement System (MPSERS), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School District. The MPSERS provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the MPSERS. That report may be obtained by writing to the MPSERS at P.O. Box 30171, Lansing, MI 48909-7671.

**Funding Policy** - Employer contributions to the MPSERS result from the implementing effects of the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis.

The pension benefit rate totals 16.34 percent and 17.74 percent of the covered payroll to the plan for the periods from July 1, 2006 through September 30, 2006 and October 1, 2006 through June 30, 2007, respectively. Basic plan members make no contributions, but member investment plan members contribute at rates ranging from 3 percent to 4.3 percent of gross wages. The School District's contributions to the MPSERS plan for the years ended June 30, 2007, 2006, and 2005 were \$1,678,456, \$1,552,261, and \$1,407,459, respectively.

# Note 9 - Defined Benefit Pension Plan and Postemployment Benefits (Continued)

**Postemployment Benefits** - Under the MPSERS Act, all retirees participating in the MPSERS pension plan have the option of continuing health, dental, and vision coverages. Retirees having these coverages contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for the health, dental, and vision coverages. Required contributions for postemployment healthcare benefits are included as part of the School District's total contribution to the MPSERS plan discussed above.

#### **Note 10 - State Aid Anticipation Note**

On August 18, 2006, Allendale Public Schools borrowed \$1,950,000 in a state aid anticipation note. The note bears interest at 3.68 percent and is due on August 20, 2007. At June 30, 2007, Allendale Public Schools had accrued interest of \$62,192 on this note.

#### **Note II - Subsequent Events**

On August 17, 2007, the School District borrowed \$1,270,000 at 3.68 percent annual interest on a state aid anticipation note. The note, plus interest, is due August 18, 2008.

On July 9, 2007, the School District borrowed \$45,475,000 at annual interest rates varying from 4.00 percent to 5.25 percent on a school building and site bond. The note, plus interest, is due in varying installments of \$1,000,000 to \$1,595,000 through May 2025.

On July 9, 2007, the School District borrowed \$14,235,000 at 5.85 percent annual interest on a refunding bond. The note, plus interest, is due in varying installments of \$110,000 to \$2,330,000 through May 2016.



### Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2007

	Original Final			Over (Under)	
	Budget	Budget	Actual	Final Budget	
Davission					
Revenue  Local sources	\$ 2,019,521	\$ 2,000,551	\$ 1,942,942	\$ (57,609)	
State sources	13,602,266	13,800,288	13,880,398	80,110	
Federal sources	579,132	586,873	592,987	6,114	
Interdistrict sources	944,978	1,201,142	1,190,217	(10,925)	
interdistrict sources	744,770	1,201,142	1,170,217	(10,723)	
Total revenue	17,145,897	17,588,854	17,606,544	17,690	
Expenditures					
Shared Time - Allendale Christian School	78,968	85,096	83,261	(1,835)	
Evergreen Elementary School	1,664,505	1,800,876	1,782,691	(18,185)	
Springview Elementary School	1,690,442	1,711,104	1,697,615	(13,489)	
Middle school	2,306,820	2,335,380	2,337,434	2,054	
High school	2,536,558	2,598,908	2,597,251	(1,657)	
New Options Alternative High School	241,174	218,113	209,549	(8,564)	
Michigan school readiness program preschool	47,500	54,861	41,335	(13,526)	
Summer school programs, driver education programs	31,320	37,240	28,580	(8,660)	
Special education	1,312,871	1,335,394	1,341,799	6,405	
Compensatory education and esl	306,613	303,003	298,976	(4,027)	
Leisure enrichment programs	14,107	14,707	10,874	(3,833)	
Pupil counseling	186,545	199,356	192,489	(6,867)	
Health services	37,855	35,885	35,373	(512)	
Psychololgical services	96,756	94,704	93,747	(957)	
Speech pathology and audiology services	118,279	130,158	140,067	9,909	
Social work services	203,101	197,025	187,766	(9,259)	
Student safety - Lunch, playground, and					
crossing guard monitors	50,452	54,376	11,323	(43,053)	
Improvement of instruction - Curriculum	55,212	44,674	38,098	(6,576)	
Educational media services	174,841	122,873	113,023	(9,850)	
Educational television	1,050	1,050	75	(975)	
Supervision and direction of instructional staff	221,016	301,676	267,766	(33,910)	
Other instruction staff services - Theatre	62,099	70,757	70,611	(146)	
Board of Education	124,600	80,100	67,619	(12,481)	
Executive administration	263,058	275,490	268,641	(6,849)	
Office of the principal	1,153,620	1,177,452	1,189,649	12,197	
Fiscal services	297,373	359,275	351,240	(8,035)	
Other business services	142,960	113,070	112,150	(920)	
Operations and maintenance services	2,088,593	2,072,104	2,105,156	33,052	
Security services	10,000	21,000	17,414	(3,586)	
Pupil transportation services	729,887	713,768	671,789	(41,979)	
IDEA - CIMS	-	3,129	4,500	1,371	
Staff/Personnel services	33,506	53,405	39,935	(13,470)	
Support services technology	410,310	424,880	370,658	(54,222)	
Custody and care of children	66,605	66,433	80,359	13,926	
Payments to other public schools in Michigan	17,500	17,500	12,273	(5,227)	
Land acquisition	-	12,500	12,500	-	
Debt service - Current portion due	163,000	163,000	163,154	154	
Total expenditures	16,939,096	17,300,322	17,046,740	(253,582)	

### Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended June 30, 2007

	Original Final Budget Budget		Actual	Over (Under) Final Budget		
Other Financing Uses - Transfers out	\$ (201,173)	\$ (204,173)	\$ (183,509)	\$ 20,664		
Net Change in Fund Balance	5,628	84,359	376,295	291,936		
Fund Balance - July 1, 2006	361,554	361,554	361,554			
Fund Balance - June 30, 2007	\$ 367,182	\$ 445,913	\$ 737,849	\$ 291,936		

# **Other Supplemental Information**

	Special Revenue Funds									
		Food				1992		1994		1997
	:	Services		Athletics		Issue	_	Issue	Issue	
Assets										
Cash and investments Receivables - Net - Taxes Due from other funds	\$ 106,046 - 20,509		\$	3,624 - 74,000		- 2,128 -	\$	- 22,494 -	\$	- 11,950 -
Inventories	_	12,505								
Total assets	\$	139,060	\$	77,624	\$	2,128	\$	22,494	<u>\$</u>	11,950
Liabilities and Fund Balances										
Liabilities Salaries and other accrued liabilities Due to other funds Deferred revenue	\$	4,478 70,482 <u>-</u>	\$	- 77,560 -	\$	- - 2,128	\$	- - 22,494	\$	- - 11,950
Total liabilities		74,960		77,560		2,128		22,494		11,950
Fund Balances Reserved:										
Inventories Debt service		12,505 -		-		-		-		-
Unreserved - Undesignated, reported in Special Revenue Funds		51,595		64	_					<del>-</del>
Total fund balances		64,100		64			_	<u>-</u>		
Total liabilities and fund balances	<u>\$</u>	139,060	<u>\$</u>	77,624	<u>\$</u>	2,128	\$	22,494	\$	11,950

### Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds June 30, 2007

			Debt	Ser	vice Fund	s										
	1998		2001		2002	Dui	rant Non-		2005		2006		2007		Capital	
	Issue		Issue		Issue	Plai	intiff Issue		Issue		Issue		Issue	P	rojects	Total
\$	21,933	\$	45,942	\$	55,710	\$	-	\$	16,057	\$	16,251	\$	3,835	\$	6	\$ 269,404
	3,456		8,487		1,457		-		-		-		-		-	49,972
	-		-		-		-		-		-		-		-	94,509
-				_				_			-	_	-			12,505
<u>\$</u>	25,389	<u>\$</u>	54,429	<u>\$</u>	57,167	<u>\$</u>		<u>\$</u>	16,057	<u>\$</u>	16,251	<u>\$</u>	3,835	<u>\$</u>	6	\$426,390
\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$ 4,478
Ψ.	_	•	_	Ψ.	_	Ψ.	_	Τ.	_	Τ.	_	•	_	•	6	148,048
	3,456		8,487	_	1,457			_				_				49,972
	3,456		8,487		1,457		-		-		-		-		6	202,498
	-		-		-		-		-		-		_		-	12,505
	21,933		45,942		55,710		-		16,057		16,251		3,835		-	159,728
	<u>-</u>		<u>-</u>					_							<u>-</u>	51,659
_	21,933	_	45,942		55,710			_	16,057	_	16,251	_	3,835			223,892
\$	25,389	\$	54,429	\$	57,167	\$		\$	16,057	\$	16,251	\$	3,835	\$	6	\$426,390

	Special Rev	enue Funds			
	Food Services	Athletics	1992 Issue	1994 Debt	1997 Debt
				<del></del>	
Revenue					
Local	\$ 309,838	\$ 106,957	\$ -	\$ -	\$ 404,313
Federal	226,044			· <u></u>	
Total revenue	535,882	106,957	-	-	404,313
Expenditures					
Current:					
Food services	572,409	-	-	-	-
Athletics	-	271,146	-	-	-
Debt service:					
Principal	-	-	-	-	35,000
Interest	-	-	-	-	233,117
Other expenditures	-	-	-	-	275
Capital outlay				-	
Total expenditures	572,409	271,146			268,392
Excess of Revenue Over (Under)					
Expenditures	(36,527)	(164,189)	-	-	135,921
Other Financing Sources (Uses)					
Payments to refunded bond escrow agent	-	-	-	-	-
Transfers in	20,509	163,000	-	-	-
Long-term debt issued				<u> </u>	
Total other financing sources	20,509	163,000		<u> </u>	
Net Change in Fund Balances	(16,018)	(1,189)	-	-	135,921
Fund Balances - Beginning of year	80,118	1,253		. <u>-</u>	(135,921)
Fund Balances - End of year	\$ 64,100	<u>\$ 64</u>	<u>\$</u> -	<u>\$ -</u>	<u> </u>

### Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds Year Ended June 30, 2007

			De	bt S	ervice Fun	ds											
													Ourant	C	Capital		
	1998		2001		2002		2005		2006		2007	Nor	n-Plaintiff	Pı	ojects		
	Debt		Debt		Debt		Debt		Debt		Debt		Fund		Fund		Total
\$	26,398	\$	741,535	\$	989,946	\$	258,528	\$	267,577	\$	3,798	\$	-	\$	400	\$	3,109,290
		_		_		_		_		_						_	226,044
	26,398		741,535		989,946		258,528		267,577		3,798		-		400		3,335,334
	_		_		_		_						_		_		572,409
	-		-		-		-		-		-		-		-		271,146
	50,000		700,000		675,000		30,000		15,000		_		_		_		1,505,000
	6,938		227,495	ı	,001,176		283,390		313,959		171,699		-		-		2,237,774
	275		275		270		467		250		113		-		-		1,925
								_							9,236		9,236
	57,213		927,770	I	,676,446		313,857	_	329,209		171,812				9,236		4,597,490
	(30,815)		(186,235)		(686,500)		(55,329)		(61,632)		(168,014)		-		(8,836)		(1,262,156)
	_		_		_		_		_	(	17,141,813)		_		_	(	17,141,813)
	-		-		-		-		-		-		-		-	`	183,509
_	7,218		74,709		693,001	_	68,518	_	69,997		17,313,662		-				18,227,105
	7,218		74,709		693,001		68,518		69,997		171,849						1,268,801
	(23,597)		(111,526)		6,501		13,189		8,365		3,835		-		(8,836)		6,645
	45,530	_	157,468		49,209	_	2,868	_	7,886	_					8,836		217,247
<u>\$</u>	21,933	<u>\$</u>	45,942	<u>\$</u>	55,710	\$	16,057	\$	16,251	\$	3,835	\$		\$		\$	223,892

		2007 Issue	2006 Issue	2005 Issue	2002 Issue		
June 30	Durant Principal	Principal	Principal	Principal	Principal		
2008	\$ -	\$ 70,000	\$ 15,000	\$ 30,000	\$ 675,000		
2009	51,719	70,000	15,000	30,000	675,000		
2010	8,866		15,000	80,000	700,000		
2011	9,288	75,000	20,000	105,000	700,000		
2012	9,730	80,000	20,000	105,000	700,000		
2013	10,193	85,000	35,000	110,000	700,000		
2014	-	1,640,000	20,000	110,000	_		
2015	-	1,715,000	20,000	110,000	_		
2016	-	1,790,000	20,000	110,000	_		
2017	-	1,855,000	25,000	115,000	_		
2018	-	1,915,000	25,000	115,000	_		
2019	-	1,890,000	25,000	110,000	_		
2020	-	790,000	25,000	1,185,000	_		
2021	-	780,000	30,000	1,175,000	_		
2022	-	760,000	30,000	1,165,000	_		
2023	-	745,000	30,000	1,155,000	_		
2024	-	735,000	35,000	1,145,000	-		
2025	-	1,080,000	35,000	70,000	-		
2026	-	785,000	325,000	70,000	-		
2027	-	-	1,110,000	65,000	-		
2028	-	-	1,115,000	_	-		
2029	-	-	1,120,000	_	-		
2030	-	-	1,110,000	-	-		
2031	-	-	1,100,000	-	-		
2032			1,090,000		<u> </u>		
	\$ 89,796	\$ 16,935,000	\$ 7,410,000	\$ 7,160,000	\$ 4,150,000		
Principal payments due	May 15	May I	May I	May I	May I		
		May I and	May I and	May I and	May I and		
Interest payments due	May 15	November I	November I	November I	November I		
		4.00% to	3.50% to	3.00% to	3.000% to		
Interest rate	4.8%	5.00%	4.35%	4.30%	5.125%		
Original issue	\$ 152,078	\$ 16,935,000	\$ 7,500,000	\$ 7,340,000	\$ 13,075,000		

### Other Supplemental Information Schedule of Bonded Indebtedness Year Ended June 30, 2007

2001 Issue	1998 Issue
Principal  \$ 740,000 755,000 770,000 770,000 770,000	Principal  50,000 50,000
-	-
\$ 4,575,000	\$ 100,000
May I	May I
May I and November I	May I and November I
4.00% to 4.65%	4.625%
\$ 6,795,000	200,000